

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

May 9, 2016

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:15 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Fred O. Shanks, III and Alternate J. Lee Vogler. Vice Chairman Sherman M. Saunders was absent. Pittsylvania County Members present were Chairman Jessie L. Barksdale, Robert Warren and Alternate Elton W. Blackstock.

City/County staff members attending were: City Manager Ken Larking, Pittsylvania County Administrator Clarence Monday, Pittsylvania County Economic Development Director Matt Rowe, Assistant County Administrator for Planning & Development Greg Sides, City of Danville Director of Economic Development Telly Tucker, City of Danville Assistant Director of Economic Development Corrie Teague, City of Danville Finance Director/Authority Treasurer Michael Adkins, City of Danville Assistant Director of Finance Patricia Conner, City of Danville Senior Accountant Henrietta Weaver, Clement Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present was Shawn Harden of Dewberry & Davis.

Mr. Barksdale presided.

PUBLIC COMMENT PERIOD

No one desired to be heard.

Mr. Barksdale noted there was a revision to the Agenda, Item 5A has been revised to three separate Agenda items. Mr. Barksdale noted he would entertain a motion to approve the revisions to the Agenda provided for this meeting. Mr. Shanks **moved** to revise the Agenda; the Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

APPROVAL OF MINUTES FOR THE APRIL 11, 2016 MEETING AND APRIL 20, 2016 SPECIAL MEETING

Upon **Motion** by Mr. Vogler and **second** by Mr. Warren, Minutes of the April 11, 2016 Meeting and April 20, 2016 Special Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5AA-1. CONSIDERATION – RESOLUTION 2016-05-09-5AA-1 – AUTHORIZING THE NONRENEWAL OF THE CLODFELTER HUNTING LEASE

Pittsylvania County Director of Economic Development Matt Rowe noted the three new resolutions are in anticipation of upcoming development in the park as RIFA goes from the planning phases into the implementation and development phases. These Resolutions are being done as a measure of reducing land use conflicts for safety purposes as far as hunting, and also to ensure that RIFA does not have overlapping potential leases as staff is

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
May 9, 2016

trying to market the properties. The first resolution, Resolution 2016-05-09-5AA-1 is for the area north of Berry Hill Road; this is the area the staff is trying to grade and develop. Staff is recommending nonrenewal of this hunting lease with Jay Vann Clodfelter and Brent Clodfelter. Resolution 2016-05-09-5AA-2 is for consideration of approving a one year renewal of the hunting lease with Guilford Whitetail Management. This area is south of Berry Hill Road; staff does not anticipate any immediate or future development in this area and does not see any potential safety concerns. The last Resolution, 2016-05-09-5AA-3, relates to a one year renewal of the lease with the Osborne Company of North Carolina. This is on approximately 100 acres of land on which is Lot 3, and is a sod and hay lease; staff does not anticipate having any safety concerns with this lease. Staff wants to highlight the benefits these leases have had on this property; the hunters involved with those leases have been instrumental to RIFA as far as monitoring the property and doing some maintenance.

Mr. Blackstock questioned the lease for 1500 acres, for \$5000 which seems low to him. Mr. Blackstock noted he is involved in other leases with hunting and fishing rights for property, some of those leases are over \$10 per acre, this is substantially less. Mr. Guanzon noted this is the same amount derived from the predecessor year; the chairman had done some research with staff to arrive at that number, at the time to be fair market value.

Mr. Warren noted the original paperwork the Board received was to eliminate all the leases and questioned what prompted the staff to change their opinion on that. Mr. Guanzon noted staff had given notice of the meeting to the lessees so they would have the opportunity to come and tell the board what they thought about this matter. Staff received some feedback, and that the lower part of the property, south of Berry Hill Road is not really the direct area at this point for active development. Mr. Guanzon explained when these properties were acquired many years ago, some of them had an existing hunting lease on them at a prescribed rate; when RIFA bought them they became the successor landlord. The benefit was having a group of people on the property monitoring it; they could let staff know of any potential problems. When it was time to renew, the board went ahead and renewed it; afterward, staff made renewals so that it wouldn't hinder the development process. If RIFA had a business recruit, RIFA could terminate one of the leases within thirty days, another within 45 days' notice. The thought was RIFA was trying to show they weren't showing favoritism to any of these entities and say they were not going to renew any of them. Since then, staff looked at the immediate plans and they decided to recommend just the top part.

Mr. Warren questioned Mr. Rowe if he was concerned about any safety issues with the high power rifles used today and what kind of liability situation does RIFA have if there was that kind of accident. Mr. Guanzon noted RIFA requires the lessees to provide evidence of insurance which he understands they get from the NRA; RIFA is named as an additional insured to that policy. Mr. Rowe noted staff felt fairly comfortable as far as a liability standpoint. Mr. Warren noted he was fine with it for the next year, but hesitant going forward beyond a year especially if there is activity at Berry Hill. Mr. Rowe noted RIFA does have the ability to cancel the contract after giving the proper notice and Mr. Guanzon explained they are not automatically renewed.

Mr. Shanks questioned RIFA's liability if someone filed a claim against RIFA and a hunt club. Mr. Guanzon explained RIFA was named as an additional insured on the hunt club's insurance and RIFA also has existing insurance that covers general liability. Under the terms of the insurance, they have to provide RIFA a defense, and indemnify RIFA.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
May 9, 2016

Mr. Shanks **moved** adoption of *Resolution 2016-05-09-5AA-1, a Resolution authorizing the nonrenewal of that certain Hunting Lease with Jay Vann Clodfelter and Brent Clodfelter in effect at the Authority's Berry Hill Industrial Park project located in Pittsylvania County, Virginia, in light of the Authority's active development of such project.*

The Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

5AA-2. CONSIDERATION – RESOLUTION 2016-05-09-5AA-2 – APPROVING A ONE-YEAR RENEWAL OF THE HUNTING LEASE WITH GUILFORD WHITETAIL MANAGEMENT

Mr. Warren **moved** adoption of *Resolution 2016-05-09-5AA-2, approving a one-year renewal of the Hunting Lease with Guilford Whitetail Management, a North Carolina corporation, as Tenant, of approximately 1,573.94 acres at the Authority's Berry Hill Project (GPINs 1366-54-5996, 1367-42-8434, 1377-01-1754 and a portion of GPIN 1356-98-0985), commonly known as the Kluttz Farm, located in Pittsylvania County, Virginia, for the uses of hunting, fishing and related outdoor recreational activities, at a total rental fee of \$5,000, and where the Authority shall have the right to terminate the lease upon at least 60-days written notice.*

The motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

5AA-3. CONSIDERATION – RESOLUTION 2016-05-09-5AA-3 – APPROVE A ONE-YEAR RENEWAL OF THE LEASE TO THE OSBORNE COMPANY OF NORTH CAROLINA

Mr. Vogler **moved** adoption of *Resolution 2016-05-09-5AA-3, to approve a one-year renewal of the Lease to the Osborne Company of North Carolina, Inc., a North Carolina corporation, of approximately 100 acres of pastureland in the Authority's Berry Hill Project (a portion of GPINs 1366-78-4718 and 1367-70-4519), commonly known as 4380 Berry Hill Road, in Pittsylvania County, Virginia; the Lease Term shall be subject to a right of Landlord to show the demised premises upon at least 24-hours notice and the obligation of Tenant to keep the identity of any prospective business recruits confidential until a public announcement is made, if ever, or as otherwise required by law; and the Lease shall be for the use of harvesting grass hay and incidental uses acceptable to the Authority, at a total rental fee of \$1,000.*

The motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
May 9, 2016

5B. DISCUSSION OF THE AUTHORITY'S EXISTING BONDS FOR CAPITAL IMPROVEMENTS – CANE CREEK

Authority Treasurer Michael Adkins noted the Authority issued bonds several years ago for the development of the Cane Creek Centre; a balloon payment of \$4.6M is due in August. It would be the practice in the normal course of business for the Authority to refinance this debt. In regard to that, RIFA has a little over \$206,000 of bond proceeds that have not yet been expended; these can be expended for any capital projects at Cane Creek. When this debt was first issued, the City and County would make estimated payments of debt service to the Authority and that money was held in reserve for future debt maintenance. The bonds were refinanced several years ago a fixed rate lower than was anticipated. As a result the Authority has a little over \$907,000 in a debt reserve account to be used for debt service. Staff is requesting guidance on what to do with the debt reserve funds. There are three options, RIFA can use this money to pay down the debt before it is refinanced; staff can hold the money for future debt payments once the debt is refinanced or staff can use this money for another purpose which would require approval from both the City and the County governing boards, as this money was given to RIFA for debt service.

Mr. Rowe noted staff has been thinking about using these funds and leveraging with other potential funds to address one of the identified needs, a potential shell building of approximately 150,000 square feet. RIFA has received very preliminary quotes for estimates of the cost of a structure. Mr. Tucker noted staff would request permission to present the Board with some options for consideration at the following RIFA meeting based on the options Mr. Adkins has put together. Mr. Tucker noted this area has a deficit of modern manufacturing buildings, and many of the prospects coming to the area are looking for existing structures so they can start operations immediately.

Mr. Shanks questioned if the shell building would be in an existing RIFA industrial park and Mr. Tucker noted it would. Mr. Adkins noted if RIFA used the unexpended bond proceeds it would have to be in Cane Creek. Mr. Shanks noted when staff presents the options for the shell building could Mr. Adkins present the options of what the payments would look like and Mr. Adkins noted they could work with Wells Fargo to come up with scenarios. Mr. Blackstock asked Mr. Monday in the County's current budget is there money set aside to service the County's portion of the \$4.6M debt going forward and Mr. Monday noted there was.

Mr. Larking noted that staff believes that providing the Board with some options will help them in their decision making process and having a shell building of size is something that companies are looking for and could be a huge benefit to the region. Staff wants to share with the board what that would entail and give the board the opportunity to make a decision.

5C. FINANCIAL STATUS REPORT AS OF APRIL 30, 2016

Authority Treasurer Michael Adkins reviewed the Financial Status report as of April 30, 2016 beginning with the \$7.3M Bonds for Cane Creek with no activity during the month of April. General Expenditures show the monthly utilities of \$33 and \$298 for meals for April; there was no activity for Mega Park Funding Other Than Bonds. Berry Hill Mega Park, Lot 4 Site Development showed Dewberry was paid \$5,557 for ongoing work at that site. Rent, Interest and Other Income Realized for the month show RIFA received the monthly rent of \$18,876 from the Institute for Advanced Learning and Research for the Hawkins Building,

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
May 9, 2016

\$300 from Securitas for their monthly lease payment and \$433 for interest earned for April. The only expenditure was \$18,875 which is the standard property management fee paid to the Institute for each month.

Mr. Warren **moved** to accept the Financial Report as presented. The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

6. CLOSED SESSION

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

At 12:49 p.m. Mr. Shanks **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting:

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects located in Pittsylvania County, Virginia, and/or Danville, Virginia;

B. As permitted by Virginia Code § 2.2-3711(A)(40) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development); and

C. As permitted by Virginia Code §§ 2.2-3711(A)(3) and (29)(i) for discussion or consideration of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and (ii) for discussion of the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and discussion of the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Warren and carried by the following vote:

VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

D. On **Motion** by Mr. Warren and **second** by Mr. Shanks and by unanimous vote at 1:46 p.m., the Authority returned to open meeting.

E. Mr. Warren **moved** adoption of the following Resolution:

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes
May 9, 2016

WHEREAS, the Authority convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia, 1950, as amended, requires a Certification by the Authority that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted by the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and (ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by the Authority.

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

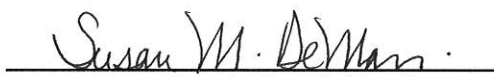
VOTE: 4-0
AYE: Barksdale, Warren, Shanks, Vogler (4)
NAY: None (0)

7. COMMUNICATIONS

Mr. Warren congratulated the RIFA board members for their positive election returns, being reelected and looks forward to continue working with them. Mr. Barksdale noted his agreement and thanked everyone for a good meeting.

The Meeting adjourned at 1:49 p.m.


Chairman


Secretary to the Authority